

The Affordable Care Act and Your Future



On September 28, 2013, the AAPD held a conference in Chicago for its members on the Impact of the Affordable Care Act (ACA) on the Pediatric Dental Practice. This article recaps the take-home strategies that were presented at the seminar to help doctors prepare for changes as the ACA is implemented into the health care marketplace. We cannot stop the changes that are going to take place, but we can ask ourselves three questions: What is going to happen? What opportunities are there to grow and respond economically? and, How can I become a provider to treat more kids? Hopefully, this article can help you answer these questions.

Trends

- *Good news*
 - More people have dental insurance in the last 50 years which has created an increased use of services. There has been an increased use of financing to attain dental health.
- *Bad news*
 - Traditional indemnity insurance plans are very few. The ability to receive your full fee for procedures is vanishing. Seventy-five percent of patients with dental coverage are in PPO plans with fee schedules that are lower than the doctor's full fee. Eighty-five percent of practices take at least one PPO plan.
 - Practices are doing the same or more procedures, but collecting less each year due to becoming PPO providers to remain competitive. There has been a steady decline in birthrates from the historic high in 2007. The decline was one percent for the 12 months ending in June 2012, which equals 374,233 less children.
 - Birthrates of unwed mothers are increasing. Children born to unwed mothers are five times more likely to live in poverty, thus needing Medicaid to meet their dental needs.
 - Increased competition:
 - Pediatric dentists graduating from residency programs have increased 21 percent since 2006 from 316 to 382 graduates per year.
 - General dentists are opening children-only practices.
 - Corporate dentistry catering to children is growing.
 - Many traditional practices have seen a decrease in new patients due to the increased competition factors. Beware that low numbers of new patients will not show up in lower revenues for a couple of years. Fee increases and a large recare pool may mask this change, however, if declining new patients numbers are not reversed, recare production will begin to drop.
- 8.7 million kids will gain dental benefits through 2018 through the ACA. Roughly, one-third through Medicaid and two-thirds through individual dental coverage through health insurance exchanges (HIX) and employer sponsored insurance (ESI).
- The ACA does not address administrative inefficiencies of Medicaid to handle the increased enrollment or low reimbursement levels to dental providers. Both of these need to be addressed to meet the needs of the children who will gain dental benefits.
- The ACA mandated Medicaid reimbursement rates to physicians for primary services is to be raised 73 percent to be on par with Medicare. The ACA did not mandate an increase in Medicaid fees to dental providers, despite mandated dental benefits.
- Most likely the dental coverage for children covered through the exchanges will have Medicaid rates.

Proactive Thinking

- *Learn from the medical community*
 - Medical doctors created a certain lifestyle expectation and debt obligation to support, thinking their current reimbursement level was going to continue. When medical doctors were informed that their insurance reimbursement was cut 25+ percent for the procedures they were doing, they could no longer support their practice overhead and debt obligations. These doctors had no choice but to sell their practices to hospitals to retire their debt and did not realize profits from the practice sale.
- *Recommendations*
 - Control your lifestyle, debt and overhead expenses.
 - Create a good savings plan for your future and have reserve funds to adapt to unforeseen changes; ie, economic downturns, reduced insurance reimbursement and increased marketing expenses.
 - Be open to new business models and marketing actions.



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New Business Models

- *One size does not fit all*
 - How you adapt to the business environment that the ACA creates will depend on your current practice situation. Some practices will be affected more than others depending on the practice's payor mix. If the majority of practice patients have coverage through large employers (over 50 employees), these employers do not have to go through the exchange for their insurance until 2017, and these patients will not have a change in their coverage until 2017. Practices will see more change in coverage from families who buy insurance individually or who have their insurance through a small employer. These are the families who will be getting their insurance through the exchanges.
 - Different areas of the country experience different competitive challenges; competition due to a high concentration of pediatric dentists and corporate dental groups or high concentrations of PPO or Medicaid patients.
- *Filling the gap by changing your payor mix*
 - Doctors that have seen their schedule slow down due to the economic downturn, and increased completion have signed up for more PPO plans and see Medicaid patients.
- *Corporate dentistry*
 - Will continue to grow and market to the increase in Medicaid eligible children that will come from the ACA.
 - New pediatric dentists may turn to corporate dentistry for employment because of the high cost of starting a practice from scratch and their student loan debts coupled with low reimbursement rates from insurance plans.
- *Sale of private practices to dental service management organizations (DSMOs)*
 - This is equivalent to medical doctors selling their practice to a hospital.
 - More dentists may opt to sell their practices to DSMOs to relieve themselves of regulatory headaches and the responsibility of covering overhead costs due to lower insurance reimbursements.
- *Capitation models*
 - May expand so insurance companies can control costs.
 - Probably see a hybrid model: fixed payment/month/patient plus paid for certain procedures. For example, only paid for up to seven restorations to create a built-in incentive not to over treat.
 - Some practices may create their own in-house plans to attract patients and create loyalty.

- *Group practices with multi specialties*
 - Has increased bargaining power with insurance companies and suppliers due to volume.
 - Creates a strong brand presence in the community and an internal referral source.
 - Reduces overhead if managed well by sharing services.
- *Concierge dentistry*
 - Superior customer service.
 - Convenience of appointments.
 - State-of-the-art office and equipment.

How to Thrive with Lower Reimbursements and Increased Volume

- *Well-trained staff*
 - Have an office manager that can really do the job; they have a mind for numbers and can hold staff accountable.
 - All team members must understand fee level vs. volume concept. The reality is that there could be decreasing profit margins and practices will have to produce 20-30 percent more to maintain their current level of profitability.
 - Utilize expanded duties according to your state's dental practice act to increase efficiency and produce more procedures.
 - Front desk staff must be informed to maximize the patient's benefits.
 - Understand if patients have preventive coverage that is every six months + one day vs. twice a year. This can make a big difference at the end of the year getting all patients that have the twice a year coverage in for their second preventive visit if appropriate.
 - Athletic guards covered?
 - Checking varnish or fluoride codes and frequency.
 - What teeth are covered for sealants?
 - Can you bill out behavior management or OHI?
- *Efficient systems*
 - Strong appointment policies to reduce no-shows and cancellations.
 - Block scheduling.
 - Work recare and unfinished treatment plan reports.
 - Collections/billing/insurance management.
 - Enter Medicaid claims online instead of electronically if your state permits for faster payment.
- *Utilize technology: patient communication system (confirmations/recare/reviews).* This can supplement for one front desk staff member.
- *Build a good marketing machine*
 - Must operate 12 months of the year.



- Educate your community about the importance of all children having a dental home by age 1 and that a pediatric dentist has specialized training beyond dental school to treat the dental needs of children.
- Include social media and a website with good SEO and a video of the doctor and staff.
- *Create a yearly business plan that defines and monitors your goals*
 - Break-even point and overhead expense budget.
 - Producer production goals (doctor/recall/hospital).
 - Producer work days (doctor/recall/hospital).
 - Collection ratio.
 - New patients per month.
 - Be aware that you can request yearly fee increases from a PPO and receive specialty fees.
- *Associate doctor compensation*
 - Clean up your provider credit report prior to agreeing to pay on collections.
 - If paying on production, be sure to take into account the practice collection ratio if charging out UCR fees.
 - If paying a daily rate, assign a minimum daily production goal.
 - Have an agreement for your past due accounts. How do payments get posted: first the past due

account balance with another provider or for the services today?

- *Possible increase in need for sedation*
 - Hospital time may be hard to get so you may want to consider in-office general anesthesia.
 - Example: Two nurse anesthetists come to the office. Schedule patients in two chairs, first hour doctor is doing restorative work, second hour patient is recovering in the chair with the nurse anesthetist still present. Schedule patients from 6 a.m.-2 p.m. Eight cases at \$2500 = \$20,000/day UCR = approximately \$10,000 in Medicaid collections.

Dealing with the ACA

- Understand the products offered inside and outside of the exchange.
- Expect confusion on benefits for parents dealing with stand alone/bundled/embedded plans regarding deductibles and out-of-pocket maximums. Be informed, provide written literature, and have contact information available.
- Have the capability to explain to your patients how they can maintain their doctor-patient relationship with you using the products in the exchange.
- Do not say NO right away. Review new plans being offered and see if the fees are better than Medicaid or similar to other PPOs you take.

“It’s not in the stars to hold our destiny, but in ourselves.” ~ William Shakespeare

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